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**ST. MARY PARISH
TOURIST COMMISSION**

Patterson, Louisiana

Year Ended September 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/1/09

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KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Nixon, CPA*

Tynes E. Nixon, Jr., CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Marshall W. Guidry, CPA
Alan M. Taylor, CPA
James R. Roy, CPA
Robert J. Metz, CPA
Kelly M. Doucet, CPA
Cheryl L. Bariley, CPA, CVA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Wanda F. Arcement, CPA
Kristin B. Dauzat, CPA
Richard R. Anderson Sr., CPA
Carolyn C. Anderson, CPA

Retired:
Conrad O. Chapman, CPA* 2006
Harry J. Clossio, CPA 2007

* A Professional Accounting Corporation

OFFICES

183 South Beadle Rd
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

450 East Main Street
New Iberia, LA 70560
Phone (337) 367-9204
Fax (337) 367-9208

113 East Bridge St
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

1234 David Dr. Ste 203
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

1013 Main Street
Franklin, LA 70538
Phone (337) 828-0272
Fax (337) 828-0290

408 West Cotton Street
Ville Platte, LA 70585
Phone (337) 363-2792
Fax (337) 363-3049

133 East Waddell St
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

332 West Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

621 Main Street
Pineville, LA 71360
Phone (318) 442-4421
Fax (318) 442-9833

WEB SITE:
WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
St. Mary Parish Tourist Commission
Patterson, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Mary Parish Tourist Commission (hereinafter "Commission"), a component unit of the Parish of St. Mary, State of Louisiana as of and for the year ended September 30, 2008, which collectively comprise the Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the St. Mary Parish Tourist Commission, as of September 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 10, 2009 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The budgetary comparison information on pages 25 through 27 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Commission has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
February 10, 2009

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Statement of Net Assets
September 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 114,681
Investments	2,342,529
Due from other governmental units	110,657
Prepaid expenses	2,342
Capital assets, net	564,330
Deferred charges - bond issue costs	<u>15,397</u>
TOTAL ASSETS	<u>3,149,936</u>
LIABILITIES	
Accounts, salaries, and other payables	126,060
Long term liabilities:	
Due within one year	95,000
Due in more than one year	<u>1,345,000</u>
TOTAL LIABILITIES	<u>1,566,060</u>
NET ASSETS	
Invested in capital assets, net of related debt	441,449
Restricted for -	
Economic development and tourism	1,094,247
Capital projects	61,137
Unrestricted (deficit)	<u>(12,957)</u>
TOTAL NET ASSETS	<u>\$ 1,583,876</u>

The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Statement of Activities
Year Ended September 30, 2008

Activities	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets
Governmental activities:			
Culture and tourism	\$ 486,883	\$ 247,039	\$ (239,844)
Interest on debt	60,930	-	(60,930)
Total governmental activities	<u>\$ 547,813</u>	<u>\$ 247,039</u>	<u>(300,774)</u>
General revenues:			
Hotel-motel tax			540,293
Interest and investment earnings			73,832
Miscellaneous			558
Total general revenues			<u>614,683</u>
Change in net assets			313,909
Net assets - October 1, 2007			<u>1,269,967</u>
Net assets - September 30, 2008			<u>\$ 1,583,876</u>

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Fund

Tourism and Economic Growth Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified by law.

Debt Service Fund

Economic Development Bonds, Series 2004 Sinking Fund

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Projects Fund

Economic Development Bonds, Series 2004 Project Fund

The Capital Projects fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

ST. MARY PARISH TOURIST COMMISSION

Patterson, Louisiana

Balance Sheet
 Governmental Funds
 September 30, 2008

	General	Tourism and Economic Growth	Economic Development Bonds, Series 2004 Sinking	Economic Development Bonds, Series 2004 Project	Total Governmental Funds
ASSETS					
Assets:					
Cash and interest bearing deposits	\$ 103,038	\$ 2,455	\$ 4,887	\$ 4,301	\$ 114,681
Investments	386,387	1,091,792	-	864,350	2,342,529
Receivables	110,657	-	-	-	110,657
Prepaid expenses	<u>2,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,342</u>
Total assets	<u>\$ 602,424</u>	<u>\$ 1,094,247</u>	<u>\$ 4,887</u>	<u>\$ 868,651</u>	<u>\$ 2,570,209</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,778	\$ -	\$ -	\$ 92,393	\$ 98,171
Accrued liabilities	<u>3,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,251</u>
Total liabilities	<u>9,029</u>	<u>-</u>	<u>-</u>	<u>92,393</u>	<u>101,422</u>
Fund balances:					
Reserved for -					
Economic development and tourism	-	1,094,247	-	-	1,094,247
Debt service	-	-	4,887	-	4,887
Capital projects	-	-	-	776,258	776,258
Unreserved, reported in					
General Fund	<u>593,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,395</u>
Total fund balances	<u>593,395</u>	<u>1,094,247</u>	<u>4,887</u>	<u>776,258</u>	<u>2,468,787</u>
Total liabilities and fund balances	<u>\$ 602,424</u>	<u>\$ 1,094,247</u>	<u>\$ 4,887</u>	<u>\$ 868,651</u>	<u>\$ 2,570,209</u>

(continued)

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Balance Sheet (continued)
Governmental Funds
September 30, 2008

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets:

Total fund balances for governmental funds at September 30, 2008 \$ 2,468,787

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of

Land	\$ 131,970	
Construction in progress	238,376	
Building and improvements, net of \$79,172 accumulated depreciation	171,107	
Furniture and equipment, net of \$41,895 accumulated depreciation	4,058	
Exhibits and kiosks, net of \$990 accumulated depreciation	<u>18,819</u>	564,330

Bond issue costs are deferred and amortized over the life of the related debt and therefore are not reported as other assets in the funds:

Bond issuance costs	20,837	
Accumulated amortization	<u>(5,440)</u>	15,397

Noncurrent liabilities, including bonds payable, not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds payable	(1,440,000)	
Accrued interest payable	<u>(24,638)</u>	<u>(1,464,638)</u>

Net assets at September 30, 2008 \$ 1,583,876

The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2008

	General	Tourism and Economic Growth	Economic Development Bonds, Series 2004 Sinking	Economic Development Bonds, Series 2004 Project	Total Governmental Funds
Revenues:					
Local sources-					
Intergovernmental	\$ -	\$ 247,039	\$ -	\$ -	\$ 247,039
Hotel/Motel tax	540,293	-	-	-	540,293
Interest income	9,884	35,169	31	28,748	73,832
Miscellaneous income	69	489	-	-	558
Total revenues	<u>550,246</u>	<u>282,697</u>	<u>31</u>	<u>28,748</u>	<u>861,722</u>
Expenditures:					
Current -					
Culture and tourism					
Advertising and promotion	128,809	92,474	-	-	221,283
Professional fees	6,226	-	-	-	6,226
Office expense	32,584	333	-	191	33,108
Repairs and maintenance	11,589	-	-	-	11,589
Salaries and related benefits	171,663	-	-	-	171,663
Travel and conventions	14,732	-	-	-	14,732
Utilities	16,803	-	-	-	16,803
Capital outlay	-	-	-	192,414	192,414
Debt service	-	-	150,760	-	150,760
Total expenditures	<u>382,406</u>	<u>92,807</u>	<u>150,760</u>	<u>192,605</u>	<u>818,578</u>
Excess (deficiency) of revenues over expenditures	167,840	189,890	(150,729)	(163,857)	43,144
Other financing sources (uses):					
Transfers in	-	-	150,592	-	150,592
Transfers out	-	(150,592)	-	-	(150,592)
Total other financing sources (uses)	<u>-</u>	<u>(150,592)</u>	<u>150,592</u>	<u>-</u>	<u>-</u>
Net change in fund balances	167,840	39,298	(137)	(163,857)	43,144
Fund balances, beginning	<u>425,555</u>	<u>1,054,949</u>	<u>5,024</u>	<u>940,115</u>	<u>2,425,643</u>
Fund balances, ending	<u>\$ 593,395</u>	<u>\$ 1,094,247</u>	<u>\$ 4,887</u>	<u>\$ 776,258</u>	<u>\$ 2,468,787</u>

(continued)

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended September 30, 2008

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Total net changes in fund balance for the year ended September 30, 2008 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 43,144
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report bonded debt repayments, including interest, as expenditures. However, principal repayments do not appear in the statement of activities since the payment is applied against the bond payable balance on the statement of net assets	90,000
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Some expenses reported in the statement of activities, such as the amortization of bond issue cost and accrued interest expense, do not require the use of current financial resources and are not reported as expenditures in governmental funds	(170)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 192,414	
Depreciation expense for the year ended September 30, 2008	<u>(11,479)</u>	<u>180,935</u>

Total changes in net assets for the year ended September 30, 2008 per Statement of Activities	<u>\$ 313,909</u>
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The accompanying notes are an integral part of the financial statements.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The St. Mary Parish Tourist Commission (the Commission) was created and established on October 23, 1991 by Ordinance 1151 of the St. Mary Parish Council under authority of Act 19 of the Louisiana Legislature of 1975, to be effective February 1, 1992. The Commission is comprised of nine directors, appointed by the St. Mary Parish Council for terms of three years, with three appointments expiring each year, and who serve without compensation. The Commission was formed for the purpose of promoting tourism within the Parish of St. Mary. The Commission has the authority to sue and be sued, to accept grants or donations of every type, to make capital improvements for the purpose of obtaining federal funds, to do all things necessary for promotion, advertisement and publication of information relating to tourist attractions within its jurisdiction. Act 19 as amended, authorized the governing authority of St. Mary Parish to levy and collect a tax not to exceed 4% of the rent or fee for the occupancy of hotel rooms, motel rooms, and overnight camping facilities within the jurisdiction of the Commission to fund the operations of the Commission.

The accounting and reporting policies of the Commission conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the Louisiana Governmental Audit Guide and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The St. Mary Parish Council appoints a voting majority of the Commission's governing body and can impose its will on the Commission. Based on criterion applied, the Commission is a component unit of the St. Mary Parish Council. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the St. Mary Parish Council, the general government services provided by the Council, or the other governmental units that comprise the financial reporting entity for St. Mary Parish, Louisiana.

The Commission has no entities or organizations that are required to be included in its financial report as defined by Government Accounting Standards Board (GASB) Statement 14.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the government. The effect of interfund activity has been removed from these statements. Both the government-wide and the fund financial statement categorize primary activities as governmental.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses have a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

A separate financial statement is provided for the governmental funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Hotel/Motel occupancy taxes are recognized in the year when the underlying exchange takes place. Grants and similar items are recognized as revenues in the year for which they are earned.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Hotel/Motel tax revenue is recognized both when the underlying exchange takes place and in the accounting period in which the revenue becomes susceptible to accrual, when it is measurable and available. Interest income is recorded when received by the Commission.

The following fund types are used by the Commission:

Governmental Funds -

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Commission:

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Tourism and Economic Growth Special Revenue Fund

The Fund is used to account for the proceeds of specific revenue sources, the expenditures for which are legally restricted for purposes specified by law.

Economic Development Bonds, Series 2004 Debt Service Sinking Fund

The Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Economic Development Bonds, Series 2004 Capital Projects Fund

The Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Capital Assets

All capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	10-40 years
Furniture and fixtures	5-12 years
Equipment	5-12 years

Budgets and Budgetary Accounting

The Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director of the Commission prepares a proposed budget for the general and special revenue funds and submits them to the board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. The Commission approves and adopts total budget revenue and expenditures only. The Commission transfers budget amounts between expenditure classifications within the General and Special Revenue Funds.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Commission. Such amendments were not material in relation to the original appropriations.

Interfund Transfers

Permanent allocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between governmental funds have been eliminated.

Vacation and Sick Leave

It is the policy of the Commission to allow full-time employees no more than five unused vacation days to be carried over to the following calendar year or to be paid in full at the end of that calendar year. At September 30, 2008 unrecorded liability for accumulated vacations is not material. Upon termination, an employee will be paid for any unused accumulated vacation leave. The Commission allows employees to accumulate earned but unused sick leave benefits. Sick leave is not payable at termination of employment.

Interest-Bearing Deposits

Interest bearing deposits include demand deposits, money market accounts and time deposits, which are stated at cost.

Investments

Under state law, the Commission may invest in Louisiana Asset Management Pool (LAMP), United States bonds, treasury notes, or certificates. Investments are stated at cost.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or legally segregated by outside parties for a specific future use.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates.

(2) Cash and Interest-bearing Deposits

Under state law, the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Commission may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2008, the Commission has cash and interest-bearing deposits (book balances) totaling \$114,681 as follows:

Cash on hand	\$ 100
Demand deposits	66,095
Interest-bearing deposits	<u>48,486</u>
 Total	 <u>\$ 114,681</u>

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Commission or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

Deposit balances (bank balances) at September 30, 2008 are secured as follows:

Balance per banks	<u>\$ 124,486</u>
Federal deposit insurance	109,298
Pledged securities	<u>15,188</u>
Total	<u>\$ 124,486</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Commission's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. The Commission does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. As of June 30, 2008, the Commission's total bank balances were fully insured and collateralized with securities held in the name of the Commission by the pledging financial institution's agent and therefore not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2008 consist of \$2,342,529 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statements No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investments pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pool are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk – not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(4) Due From Other Governments

Hotel/Motel tax revenues and receivables are recognized when the underlying exchange (room rental) takes place. Hotel/Motel taxes receivable at September 30, 2008 were recognized by the following governmental funds:

General Fund:

Due from St. Mary Parish Sales and Use Tax Dept

\$ 100,657

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

(5) Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2008 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 131,970	\$ -	-	\$ 131,970
Construction in progress	<u>45,962</u>	<u>192,414</u>	<u>-</u>	<u>238,376</u>
Total not being depreciated	<u>177,932</u>	<u>192,414</u>	<u>-</u>	<u>370,346</u>
Capital assets being depreciated:				
Buildings and improvements	250,279	-	-	250,279
Furniture and office equipment	45,953	-	-	45,953
Exhibits and kiosks	<u>19,809</u>	<u>-</u>	<u>-</u>	<u>19,809</u>
Total being depreciated	<u>316,041</u>	<u>-</u>	<u>-</u>	<u>316,041</u>
Less accumulated depreciation:				
Buildings and improvements	(70,940)	(8,232)	-	(79,172)
Furniture and office equipment	(39,638)	(2,257)	-	(41,895)
Exhibits and kiosks	<u>-</u>	<u>(990)</u>	<u>-</u>	<u>(990)</u>
Total accumulated depreciation	<u>(110,578)</u>	<u>(11,479)</u>	<u>-</u>	<u>(122,057)</u>
Capital assets, net	<u>\$ 383,395</u>	<u>\$ 180,935</u>	<u>\$ -</u>	<u>\$ 564,330</u>

Depreciation expense in the amount of \$11,479 was charged to culture and tourism.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

(6) Interfund Transactions

	Transfers in	Transfers out
Tourism and Economic Growth Fund	\$ -	\$ 150,592
Economic Development Bonds, Series 2004 Sinking Fund	<u>150,592</u>	<u>-</u>
Total	<u>\$ 150,592</u>	<u>\$ 150,592</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(7) Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters. The Commission has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 2008. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

(8) Retirement Plan

All Commission employees are covered under the Federal Insurance Contribution Act (Social Security). In addition, qualified employees also belong to a SEP/IRA Retirement Plan. The Commission contributed 12% of the gross wages of each qualified employee to their individual SEP/IRA Retirement Plan account for the year ended September 30, 2008. The Commission's contributions to the above plans totaled approximately \$11,076, \$15,961, and \$10,441 for the years ended September 30, 2008, 2007 and 2006, respectively. There were no unfunded contributions at year-end.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

(9) Long-Term Debt

The following is a summary of long-term liability transactions of the Commission for the year ended June 30, 2008:

	<u>10/1/2007</u>	<u>Additions</u>	<u>Payments</u>	<u>9/30/2008</u>	<u>One Year</u>
Economic development bonds	<u>\$1,530,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$1,440,000</u>	<u>\$ 95,000</u>

The Commission issued \$1,700,000 Economic Development Bonds, Series 2004, during November 2004. The bonds were issued for the purpose of (i) constructing, equipping and furnishing a new welcome center; (ii) constructing the Atchafalaya Golf Course at Idlewild; and (iii) paying the costs of issuance of the bonds. Bond principal matures in varying annual amounts from 2006 to 2020; interest is payable on a semi-annual basis at interest rates varying from 2.70% to 4.6% per annum. Those bonds maturing on or after November 1, 2012 are callable for redemption in full, or in part, any time after November 1, 2011. The bonds are secured by and payable from a pledge and dedication of the excess annual revenues of the Commission.

Debt service requirements to maturity are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	95,000	57,468	152,468
2010	100,000	53,980	153,980
2011	105,000	50,186	155,186
2012	110,000	46,100	156,100
2013	110,000	41,810	151,810
2014-2018	625,000	135,450	760,450
2019-2020	<u>295,000</u>	<u>13,576</u>	<u>308,576</u>
Totals	<u>1,440,000</u>	<u>398,570</u>	<u>1,838,570</u>

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Notes to Financial Statements (continued)

(10) State Appropriated Monies

As provided by the Louisiana Revised Statute 47:302.44 and 47:301(14)(a), the Louisiana State Treasury has created the St. Mary Parish Visitor Enterprise Fund. This fund shall be funded from the excess of sales taxes generated from the hotel/motel industry after all bond obligations of the State have been paid.

The monies in the St. Mary Parish Visitor Enterprise Fund shall be subject to an annual appropriation by the legislature and shall be available exclusively for use by the Commission to fund the development of tourism and other economic growth projects within the parish of St. Mary. All unexpended and unencumbered monies in the fund shall remain in the fund. The monies in the fund shall be invested by the state treasurer in the same manner as the monies in the State of Louisiana general fund, and all interest earned shall be deposited into the state general fund.

For the state fiscal year June 30, 2008 the legislature approved an appropriation in the amount of \$225,000 to the Commission for the St. Mary Parish Visitor Enterprise Fund. The Board of Commissioners has developed guidelines to administer the spending of these funds by the Commission in accordance with the restricted purposes as specified by law. The Commission is accounting for these funds in a special revenue fund.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Local Sources-				
Hotel/Motel tax	\$420,000	\$528,000	\$540,293	\$ 12,293
Interest income	6,500	9,500	9,884	384
Miscellaneous income	-	-	69	69
Total revenues	<u>426,500</u>	<u>537,500</u>	<u>550,246</u>	<u>12,746</u>
Expenditures:				
Current -				
Culture and tourism				
Advertising and promotion	157,396	135,250	128,809	6,441
Professional fees	5,900	6,200	6,226	(26)
Office expense	44,430	37,000	32,584	4,416
Repairs and maintenance	10,504	13,000	11,589	1,411
Salaries and related benefits	187,868	178,500	171,663	6,837
Travel and conventions	23,700	17,400	14,732	2,668
Utilities	15,041	15,000	16,803	(1,803)
Capital outlay	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>446,839</u>	<u>402,350</u>	<u>382,406</u>	<u>19,944</u>
Net change in fund balance	<u>(20,339)</u>	<u>135,150</u>	<u>167,840</u>	<u>32,690</u>
Fund balance, beginning	<u>425,555</u>	<u>425,555</u>	<u>425,555</u>	<u>-</u>
Fund balance, ending	<u>\$405,216</u>	<u>\$560,705</u>	<u>\$593,395</u>	<u>\$ -</u>

See accompanying note to Budgetary Comparison Schedule

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Budgetary Comparison Schedule
Tourism and Economic Growth Fund
Year Ended September 30, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenues:				
Local Sources-				
Intergovernmental	\$ 225,000	\$ 225,000	\$ 247,039	\$ 22,039
Interest income	50,000	40,000	35,169	(4,831)
Miscellaneous income	-	-	489	489
Total revenues	<u>275,000</u>	<u>265,000</u>	<u>282,697</u>	<u>17,697</u>
Expenditures:				
Current -				
Culture and tourism				
Advertising and promotion	143,780	100,000	92,474	7,526
Office expense	300	500	333	167
Total expenditures	<u>144,080</u>	<u>100,500</u>	<u>92,807</u>	<u>7,693</u>
Excess of revenues over expenditures	130,920	164,500	189,890	25,390
Other financing sources (uses):				
Operating transfers out	<u>(150,592)</u>	<u>(150,592)</u>	<u>(150,592)</u>	<u>-</u>
Net change in fund balances	(19,672)	13,908	39,298	25,390
Fund balance, beginning	<u>1,054,949</u>	<u>1,054,949</u>	<u>1,054,949</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,035,277</u>	<u>\$ 1,068,857</u>	<u>\$ 1,094,247</u>	<u>\$ 25,390</u>

See accompanying note to Budgetary Comparison Schedule

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Note to Budgetary Comparison Schedule

(1) Basis of Accounting

The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Commission.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*

Tynes E. Mixon, Jr., CPA
Allen J. LaBry, CPA
Albert R. Leger, CPA, PFS, CSA*
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Marshall W. Guldry, CPA
Alan M. Taylor, CPA
James R. Roy, CPA
Robert J. Metz, CPA
Kelly M. Doucet, CPA
Cheryl L. Bartley, CPA, CVA
Mandy B. Self, CPA
Paul L. Delcambre, Jr., CPA
Wanda F. Arcement, CPA
Kristin B. Dauzat, CPA
Richard R. Anderson Sr., CPA
Carolyn C. Anderson, CPA

Retired
Conrad O. Chapman, CPA* 2006
Harry J. Clostio, CPA 2007

* A Professional Accounting Corporation

OFFICES

183 South Beadle Rd. Lafayette, LA 70508 Phone (337) 232-4141 Fax (337) 232-8660	450 East Main Street New Iberia, LA 70560 Phone (337) 367-9204 Fax (337) 367-9208
113 East Bridge St. Breaux Bridge, LA 70517 Phone (337) 332-4020 Fax (337) 332-2867	200 South Main Street Abbeville, LA 70510 Phone (337) 893-7844 Fax (337) 893-7946
1234 David Dr. Ste 203 Morgan City, LA 70380 Phone (985) 384-2020 Fax (985) 384-3020	1013 Main Street Franklin, LA 70538 Phone (337) 828-0272 Fax (337) 828-0290
408 West Cotton Street Villie Platte, LA 70586 Phone (337) 363-2792 Fax (337) 363-3049	133 East Waddell St. Marksville, LA 71351 Phone (318) 253-9252 Fax (318) 253-8681
332 West Sixth Avenue Oberlin, LA 70655 Phone (337) 639-4737 Fax (337) 639-4568	621 Main Street Pineville, LA 71360 Phone (318) 442-4421 Fax (318) 442-9833

WEB SITE:
WWW.KCSRCPAS.COM

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Commissioners
St. Mary Parish Tourist Commission
Patterson, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the St. Mary Parish Tourist Commission (hereinafter "Commission") as of and for the year ended September 30, 2008, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated February 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies identified as items 2008-1 and 2008-2 and described in the accompanying summary schedule of audit results and findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Commission's response to the findings identified in our audit is described on the accompanying corrective action plan for current year findings. We did not audit the Commission's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
February 10, 2009

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2008

Part I. Summary of Auditor's Results:

An unqualified opinion was issued on the financial statements.

Significant deficiencies in internal control were disclosed by the audit of the financial statements and one of the conditions is considered a material weakness.

The audit did not disclose any instances of noncompliance, which are material to the financial statements.

A management letter was not issued.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2008

Part II. Findings required to be reported in accordance with *Government Auditing Standards*:

Internal Control Findings-

2008-1 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: SAS109, Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement, AU §314.43 defines internal control as follows:

“Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Additionally, Statements on Standards for Attestation Engagements (SSAE) AT §501.03 states:

An entity’s internal control over financial reporting includes those policies and procedures that pertain to an entity’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.”

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2008

2008-2 - Application of GAAP (generally accepted accounting principles)

CONDITION: Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

CRITERIA: SAS112, *Communicating Internal Control Related Matters Identified in an Audit*, AU §325.18, states in pertinent part:

“Deficiencies in the following areas ordinarily are at least significant deficiencies in internal control:

- Controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles. Having sufficient expertise in selecting and applying accounting principles is an aspect of such controls.”

Furthermore, AU §325.32 identifies the following as a deficiency in the design of (internal) controls:

“Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity’s financial transactions or preparing its financial statements.”

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

Compliance Findings -

There were no findings to be reported under this section.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Summary Schedule of Prior Year Findings
Year Ended September 30, 2008

A. Internal Control –

2007-1 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2008-1.

2007-2 – Application of GAAP (generally accepted accounting principles)

CONDITION: Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

RECOMMENDATION: Due to budgetary limitations, the additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: See schedule of audit results and findings item 2008-2.

B Compliance –

There were no findings previously reported under this section.

C. OMB A-133 –

This section was not applicable.

ST. MARY PARISH TOURIST COMMISSION
Patterson, Louisiana

Corrective Action Plan For Current Year Findings
Year Ended September 30, 2008

Response to Finding 2008-01:

No response is considered necessary. Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve adequate segregation of duties.

Response to Finding 2008-02:

The Commission has evaluated the cost/benefit of establishing controls over the preparation of financial statements in accordance with GAAP and has determined that it is in the best interest of the Commission to outsource this task to its independent auditors and will review, approve, and accept responsibility for the content and presentation of the financial statements and related notes prior to issuance.